

Message Text

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17

ACTION COME-00

INFO OCT-01 EA-07 ISO-00 EB-07 TRSE-00 NEA-10 IO-10 L-03

H-02 PA-01 PRS-01 AID-05 CIAE-00 FRB-03 INR-07

NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04

SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 EUR-12 /114 W

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R 030619Z NOV 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9024

INFO AMEMBASSY SEOUL

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E. O. 11652: ADS, DECLASS 12/31/77

TAGS: BEXP, KS

SUBJECT: MAJOR PROJECT: SAMRANGJIN PUMPED STORAGE PROJECT (KOREA)

USADB

REF: (A) STATE 257696

(B) SEOUL 8427

1. EARLY LAST SEPTEMBER USADB RECEIVED TELEGRAM FROM HARZA ENGINEERING (U.S.) WHICH IS ASSOCIATED WITH LAHMEYER INTERNATIONAL (GERMANY) IN PROPOSAL FOR CONSULTING SERVICES ON SUBJECT PROJECT. HARZA STATED THEIR UNDERSTANDING THAT EVALUATION IN SEOUL OF PRO-IDZULS RECEIVED RESULTED IN QUOTE NEARLY IDENTICAL RATINGS UNQUOTE AND THAT FINAL EVALUATION WOULD BE MADE IN MANILA. HARZA ALSO INDICATED THEY UNDERSTOOD THEIR MAIN COMPETITION WAS SWISS FIRM AND THAT PRESSURE ON THEIR BEHALF WAS BEING EXERTED BY SWISS DIPLOMATIC MISSION AND POSSIBLY BY ADB EMPLOYEE OF SWISS ORIGIN STRESSING THAT LAHMEYER HAS HAD TOO MANY ADB PROJECTS.

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2. AT THAT TIME, USADB RASIED ISSUE WITH BANK'S DEPUTY

DIRECTOR OF PROJECTS (GERMAN NATIONAL WHO EARLIER WORKED FOR LAHMEYER). HE SAID HE HAD CONSULTED WITH DIRECTOR OF PROJECTS (U.S. NATIONAL. (HE ALSO CONFIRMED THAT PROJECT ENGINEER WAS SWISS NATIONAL.) STAFF CONCLUDED, AND USADB ADVISED HARZA, THAT BANK SAW NO PROBLEM IN HOLDING FINAL EVALUATION IN MANILA AS BANK WANTED TO ASSIST BORROWER IN ANY WAY POSSIBLE. OUR CABLE ALSO STRESSED THAT BANK APPROVAL IS BY THREE MEMBER SELECTION COMMITTEE, NOT BY ANY ONE INDIVIDUAL.

3. WHEN KOREANS SUBSEQUENTLY PRESENTED THEIR COMPLETED EVALUATION, BANK REJECTED IT AS NOT ACCEPTABLE BECAUSE KOREANS HAD NOT FOLLOWED BANK'S CRITERIA ON WHICH RELATIVE WEIGHTING OF INDIVIDUAL EVALUATIONS WERE TO BE MADE. REJECTION LETTER WAS SIGNED BY AMERICAN DIRECTOR OF PROJECTS. BANK IS NOW AWAITING NEW PROPOSAL FROM KOREAN EXECUTING AGENCY.

4. FYI: CONCERNED STAFF HAVE FOLLOWED MATTER CLOSELY, AND ADB PRESIDENT HAS BEEN MADE FULLY AWARE OF SITUATION. BANK STAFF FEEL FIVE OF SEVEN SHORT-LISTED FIRMS ARE VERY CLOSELY COMPARABLE. HOWEVER, USADB UNDERSTANDS THAT, WHILE BANK TENDS TO FAVOR CHARLES T. MAIN AND OR (SWISS), KOREANS PREFERENCE IS NIPPON-KOEI, PARTICULARLY SINCE LATTER'S PROPOSAL PROVIDES FOR FEWER MAN-HOURS OF CONSULTANT SERVICES AND USE OF LARGER NUMBER OF KOREAN COUNTERPART PERSONNEL. END FYI.
SULLIVAN

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